

2011 Knowledge-Based Single Audits™

Welcome to *2011 Knowledge-Based Single Audits™*, the latest addition to the ProSystem fx Knowledge Tools library!

Please review this bulletin prior to installation and use. If you have any questions, call Technical Support at 1-800-PFX-9998, option 4

Release
Bulletin

IN THIS RELEASE

Knowledge-Based Single Audits is a supplement to the financial statement audit methodologies provided in *Knowledge-Based Audits of Governmental Entities* and *Knowledge-Based Audits of Not-for-Profit Entities*. This single audit supplement is designed to provide the auditor with the necessary guidance and tools in the conduct of the compliance audit portion of the single audit.

The 2011 edition of *Knowledge-Based Single Audits* is current through SAS-121 and includes the following updates:

2011 ProSystem fx Knowledge Tools

Tools have been updated where applicable to take into account new or pending compliance auditing standards and guidance, including the requirements of SAS-118, 119, 120, and 121 and their applicability to single audits. References to FASB pre-Codification literature have been removed throughout the forms and practice aids. Many new tips and examples have been incorporated. The 2011 tools include links to specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers.

Links to Accounting Research Manager (ARM). If you subscribe to an ARM library that includes audit content, you can now link directly to source material from Resources within Knowledge Tools documents. These links have been updated to reference to the accounting standards under the FASB and GASB Accounting Standards Codifications and the auditing standards issued by the AICPA and the U. S. Government Accountability Office (GAO). Also, if you subscribe to the *Knowledge-Based Single Audits Guide* on CCH's Accounting Research Manager, you can take advantage of brand new links to the audit guide material from within the Knowledge Tools documents.

Knowledge-Based Audit Documents (KBAs)

- **KBA-101S** has been updated in accordance with the provisions of the AICPA Audit Guide *Government Auditing Standards and Circular A-133 Audits, with Conforming Changes as of May1, 2010* (AG).
- **KBA-103S** has been updated for new guidance in the AG.

- **KBA-301S** has been updated to reflect new guidance in the AG.
- **KBA-302S** has been updated to reflect user change suggestions and document significant changes from the prior year.
- **KBA-303S** has been updated to reflect new guidance in the AG; new inquiries related to entity risk management have been added.
- **KBA-401S** has been updated to document the effective design of internal controls and whether they have been selected for operating effectiveness testing. New objectives and examples have been added.
- **KBAs 402S-414S** have been updated to reflect new guidance in the AG; a new column has been added for documenting whether a control was selected to be tested for operating effectiveness.
- **KBA-901S** includes a new disclosure.
- **KBA-903S** has been updated to include new guidance in the AG.

Audit Programs (AUDs):

- **AUD-101S** has been updated to reflect the 2010 *Compliance Supplement*, including new requirements related to American Recovery and Reinvestment Act of 2009 (ARRA) expenditures and the AG.
- **AUD-701S** has been updated to reflect changes in guidance related to controls at a service organization and service auditor's reports (formerly SAS-70).
- **AUD-801S-817S** have been updated for guidance in the 2010 *Compliance Supplement*, including new requirements related to ARRA expenditures, and to provide improved linking of risks identified to

procedures performed and new guidance related to early communication of significant deficiencies and material weaknesses.

- **NEW RPTs 911S and 912S** provide sample reports on the program-specific audit option under OMB Circular A-133.

Practice Aids (AIDs)

- **NEW AID-201** is designed to help the auditor document considerations of auditor independence in accordance with AICPA Ethics Interpretation 101-3 (ET 101-3), *Performance of Nonattest Services*, and paragraphs 3.25 through 3.30 of *Government Auditing Standards—July 2007 Revision* (the Yellow Book), and the new independence requirement in the 2010 *Compliance Supplement*.
- **AID-302S** and **303S** have been updated to reflect the new "Low Risk Audit" requirements and new risk assessment requirements for programs containing ARRA expenditures.
- **AID-701S** has been updated for new A-133 sampling guidance contained in the AG.
- **AID-802S** has been updated for new A-133 guidance contained in the AG, including consideration of individually important items.

Auditor's Reports (RPTs):

Correspondence Documents (CORs)

- **COR-201S** has been updated to incorporate SAS-119 language.
- **NEW COR-202S** and **203S** provide sample correspondence with predecessor auditors.
- **COR-901S** has been updated to address the guidance in the AG.
- 2010 **CORs 902S, 903S, 904S, 905S, 906S, and 907S** based on SAS-112 verbiage have been deleted.

Resource Documents (RESs)

- **RES-001S** has been updated to include guidance from the 2010 *Compliance Supplement* (including new ARRA requirements), and the 2010 AG (including sampling).

In addition, forms and practice aids throughout have been updated, where applicable, to take into account:

New literature, standards, and developments applicable to compliance audits including the following current audit and accounting guidance:

- FASB Accounting Standards Codification (as of December 31, 2011);
- AICPA Statement on Quality Control Standards No. 7, *A Firm's System of Quality Control*; and
- Statements on Auditing Standards (SASs):
 - SAS-118 (AU 550), *Other Information in Documents Containing Audited Financial Statements*;
 - SAS-119 (AU 551), *Supplementary Information in Relation to the Financial Statements as a Whole*; and
 - SAS-120 (AU 558), *Required Supplementary Information*.
 - SAS-121 *Revised Applicability of Statement on Auditing Standards No. 100, "Interim Financial Information"*

Important Roll Forward Information

Due to changes made in our documents to ensure they are compliant with standards, some information will not roll forward from previous versions. To ensure as much information as possible will roll forward, please do not roll forward from the 2010 *Knowledge-Based Single Audits*™ to the 2011 *Knowledge-Based Single Audits*™ until you have installed the ProSystem fx Engagement release 5.7.1 or higher. For any title-specific roll forward information, please refer to the Help icon found in the roll forward wizard.

Note: While working through your Word documents it is important to follow certain steps to avoid any data loss upon roll forward. If you save the workpaper before tabbing out of a cell, you risk losing data when rolling forward. If upon roll forward you experience any data loss in a workpaper please follow these steps:

1. Open the workpaper.
2. Update the problem cell with random text (only after experiencing data loss).
3. Tab out of the cell.
4. Go back into the cell and remove random text.

5. Once again, tab out of the cell.
6. Save the document.

Important Notes

- Knowledge Coach customers should download and use the Knowledge Coach formatted version of this title that was released and posted to <http://support.cch.com/updates/KnowledgeCoach> in May 2011. This Knowledge Tools title release is NOT compatible with the Knowledge Coach module. Knowledge Coach customers can still use this Knowledge Tools title, but they will not have Knowledge Coach functionality and integration available in these workpapers.
- A minimum of 1GB of RAM is highly recommended for optimal performance when opening and navigating through ProSystem *fx* Knowledge Tools documents.
- ProSystem *fx* Engagement version 4.9 with Knowledge Tools or higher must be installed on the computer in order to install this Knowledge Tools title. Additional requirements include Microsoft Office Professional 2003 SP2 or higher, Microsoft Office 2003 Primary Interop Assemblies (PIA) and Visual Studios 2005 Tools for Office Second Edition Runtime (VSTOR). The installations of PIA and VSTOR can be found on the Engagement CD in the Applications\Knowledge Tools Prerequisites folder.

Download Instructions

Download the 2011 *Knowledge-Based Single Audits™* title from the **Program Updates** section of the ProSystem *fx* Engagement support Web site at the following URL: <http://support.cch.com/updates/KnowledgeTools/>, then select the download link next to **2011 Knowledge-Based Single Audits™**

Password: The password will be included with the copy mailed to subscribers of this title.

Installation Instructions

Your Knowledge Tools title will integrate itself directly into ProSystem *fx* Engagement. The only additional system requirement is approximately 75MB of disk space to store your Knowledge Tools program content files. Please refer to the ProSystem *fx* Engagement with Knowledge Tools Release Notes for any other system requirements.

After extracting the 2011 *Knowledge-Based Single Audits™* msi, do the following to install the Knowledge Tools templates:

1. Double-click on the 2011 *Knowledge-Based Single Audits™*.msi to begin the installation.
2. Select **Next** on the Welcome screen.
3. Accept the License Agreement, and then select **Next**.
4. Select the destination location for the templates, and then select **Next**.
5. Review the installation settings, and then select **Install** to begin copying the files.
6. Select **Finish** to complete the installation.

Note: You must add and assign the Knowledge Tools license in ProSystem *fx* Engagement Administrator before using the workpaper templates.

Important: The 2011 *Knowledge-Based Single Audits™*.msi allows for mass deployment/installation by way of pushing the install to computers.

ProSystem *fx* Engagement Update Utility Instructions

If the Knowledge Tools title is not shown in the list of available products in the License Assignment dialog, the title's licensing information will need to be updated with the ProSystem *fx* Engagement Update Utility prior to adding the licenses for the title or assigning the licenses to staff members.

Follow these steps to download the utility and update file:

1. Download the ProSystem *fx* Engagement Update Utility from the **Program Updates/Knowledge Tools Series** page of the ProSystem *fx* Engagement support Web site.
2. To download the utility, click **ProSystem *fx* Engagement Update Utility**.
3. To download the update file (LicenseUpdate.upd), click **License Update File**.

Note: We recommend you save the files to your computer to run the utility.

After downloading the files, perform the following steps:

1. Close ProSystem *fx* Engagement Administrator and ProSystem *fx* Engagement.
2. Double-click the ProSystem *fx* Engagement Update Utility (PfxEngUpdateUtility.exe) file.
3. Enter the login name and password for an authorized ProSystem *fx* Engagement administrator.
4. Browse for or enter the path for the license update file you just downloaded (LicenseUpdate.upd).
5. Click **OK** to update the ProSystem *fx* Engagement database and add the Knowledge Tools title to the License Assignment dialog in ProSystem *fx* Engagement Administrator. You may now add and assign the Knowledge Tools title to the users.

Online Permission Key

Permission key files may be downloaded from our Web site at

<https://prosystemfxsupport.tax.cchgroup.com/service/accountadmin/> or when adding or updating the new licenses within ProSystem *fx* Engagement with Knowledge Tools 4.9 and higher. After updating the license file in the ProSystem *fx* Engagement Admin module, and running the Update License Utility for 4.9 users, licenses need to be assigned to the staff who will use 2011 *Knowledge-Based Single Audits™*. If you have not already established a Single Sign-on (SSO) account with Customer Service, we urge you to do so at this time.

Permission keys are no longer generally distributed via floppy diskette. You can choose to continue receiving the diskette by going to <http://tax.cchgroup.com/pfxsupport>, clicking the Firm Administration link, and making the appropriate selection (SSO access is required), or by contacting Customer Service at 1-800-PFX-9998, option 4.

Accounting Research Manager

CCH's Accounting Research Manager is the most comprehensive, up-to-date and objective online database of financial reporting literature. It includes all authoritative and proposed accounting, auditing, and SEC literature, plus independent, expert-written interpretive guidance.

Our Weekly Summary email newsletter highlights the key developments of the week, giving you assurance that you have the most current information. It provides links to new FASB, AICPA, SEC, EITF, and IASB authoritative and proposal-stage literature, plus guidance from financial reporting experts.

Our team of content experts updates the system on a daily basis, so you can stay as current as possible. What's more, our experts attend critical standard-setting meetings and summarize the results for you, which means you'll learn of newly released literature and deliberations of current financial reporting projects as soon as they occur! Plus, you'll benefit from their easy-to-understand technical translations. Our expert's interpretations clearly lay out what the rules mean from your perspective.

With Accounting Research Manager, you maximize the efficiency of your research time, while enhancing your results. Learn more about our content, our experts, and how you can request your free trial by visiting <http://www.accountingresearchmanager.com>. You can also access the Accounting Research Manager Web site by selecting the item from the ProSystem *fx*® Engagement Other Shortcuts bar in the Binder window.

Using Your Knowledge Tools Content

Knowledge Tools Workpaper Templates

To use Knowledge Tools Workpaper Templates, do the following:

1. Open a binder in ProSystem *fx* Engagement.
2. Select the workpaper tab into which you would like to insert the workpaper.
3. Select **New Knowledge Tools Workpaper** from the toolbar or File menu. The New Knowledge Tools Workpaper dialog appears (*Figure 1*).
4. Select the New Knowledge Tools Title with the content you would like to use. You can only select titles you have installed. The information displayed changes to reflect the workpaper organization available for the selected title.
5. Select the Knowledge Tools Workpaper Templates to insert into your binder.
6. Click **OK** to display the Selected Workpaper Properties dialog. Each workpaper name is automatically loaded into the Name field.
7. Add a workpaper index in the Index field and make any needed Name modifications. You can also modify the tab location or the roll forward settings for each workpaper.
8. Click **OK**. The integrated Knowledge Tools workpaper is now inserted into your engagement binder.

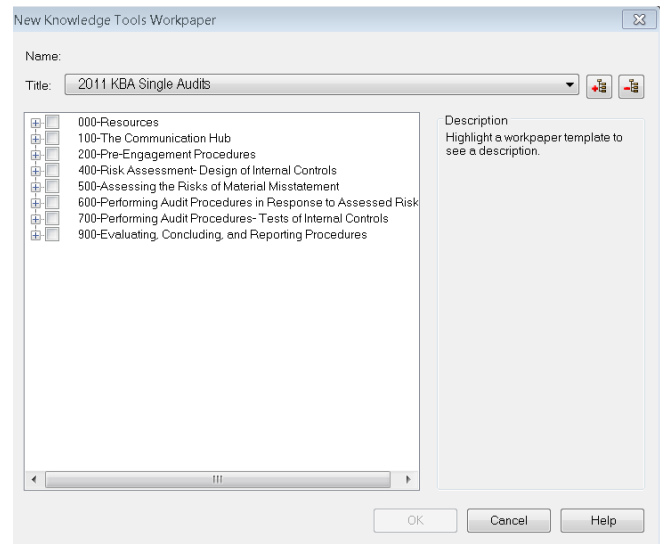


Figure 1 – New Knowledge Tools Workpaper

Binder Templates

ProSystem *fx* Engagement provides powerful engagement templates with integrated Knowledge Tools content.

To start engagements pertaining to your purchased title with a binder template populated with programs and worksheets, select **New Binder Wizard** from either the toolbar or File menu in the File Room window. The New Binder Wizard dialog appears (*Figure 2*). To setup the binder, do the following:

1. Select **Create binder from template**.
2. Click on the **Knowledge Tools** tab.
3. Select the appropriate binder template for your engagement. You will see binder templates for the Knowledge Tools titles installed.
4. Select **Next**.
5. Complete the binder properties information as needed.
6. Select **Finish**. The new binder displays in the file room. Refer to the ProSystem *fx* Engagement User Guide, accessible from the Help menu in ProSystem *fx* Engagement, for more information.

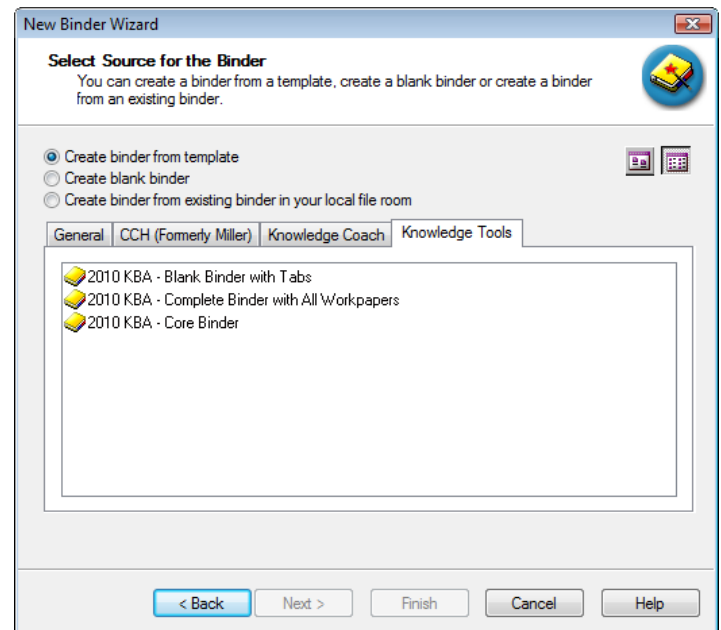


Figure 2 – New Binder Wizard

The *2011 Knowledge-Based Single AuditsSM* provides three binder templates. One binder template contains all workpaper templates from the title, one binder template contains only the core workpaper templates, and the third binder template contains only workpaper tabs using the Knowledge Tools indexing system. This allows you to build your own binder template by populating the tabs with the workpapers of your choice.

Contact Information

For a demo or to purchase additional titles	1-800-PFX-9998, option 1
Technical Support	1-800-PFX-9998, option 4 or online at http://support.cch.com

The ProSystem *fx* Engagement version of the Knowledge Tools Integrated Engagement Guides is sold and supported by CCH, a Wolters Kluwer business. The contact information above can be used for customer service and support issues for this product. For information about other CCH products, please call 1-800-248-3248 or visit the online Store at <http://tax.cchgroup.com>.

Download Description:	2011 Knowledge-Based Single Audits (7/22/11)
Version:	Engagement v. 4.9 with Knowledge Tools or higher
Release Date:	July 2011
File size:	14MB
Approx. Download Time:	45 minutes at 56 kbps
License:	Full Version
Platforms:	Windows XP/Vista
Office:	Microsoft Office 2007 required